



**Auditor of State  
Betty Montgomery**



MADISON TOWNSHIP  
LAKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements .....	5
Independent Accountants' on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings .....	15

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Madison Township  
Lake County  
2065 Hubbard Road  
Madison, Ohio 44057

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because the Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Madison Township, Lake County, Ohio, as of December 31, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 6, 2004

**MADISON TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$247,986	\$1,746,944	\$0	\$1,994,930
Intergovernmental	566,225	394,625	0	960,850
Special Assessments	0	61,600	0	61,600
Licenses, Permits, and Fees	37,126	1,999	187,474	226,599
Fines, Forfeitures, and Penalties	22,321	0	0	22,321
Earnings on Investments	14,898	1,473	0	16,371
Other Revenue	156,904	70,243	0	227,147
<b>Total Cash Receipts</b>	<u>1,045,460</u>	<u>2,276,884</u>	<u>187,474</u>	<u>3,509,818</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	714,272	0	0	714,272
Public Safety	431,858	1,299,270	0	1,731,128
Public Works	16,447	876,775	0	893,222
Health	40,202	165	0	40,367
Conservation - Recreation	231,675	0	0	231,675
Miscellaneous	0	2,760	0	2,760
Capital Outlay	0	2,041	38,244	40,285
Debt Service:				
Redemption of Principal	14,196	40,000	0	54,196
Interest and Fiscal Charges	1,508	0	0	1,508
<b>Total Cash Disbursements</b>	<u>1,450,158</u>	<u>2,221,011</u>	<u>38,244</u>	<u>3,709,413</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(404,698)</u>	<u>55,873</u>	<u>149,230</u>	<u>(199,595)</u>
Fund Cash Balances, January 1, 2003	705,431	784,438	0	1,489,869
<b>Fund Cash Balances, December 31, 2003</b>	<u><b>\$300,733</b></u>	<u><b>\$840,311</b></u>	<u><b>\$149,230</b></u>	<u><b>\$1,290,274</b></u>
Reserve for Encumbrances, December 31, 2003	<u>\$72,826</u>	<u>\$43,796</u>	<u>\$0</u>	<u>\$116,622</u>

*The notes to the financial statements are an integral part of this statement.*

**MADISON TOWNSHIP  
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$267,655	\$1,747,981	\$0	\$2,015,636
Intergovernmental	617,340	411,066	61,639	1,090,045
Licenses, Permits, and Fees	33,614	987	0	34,601
Fines, Forfeitures, and Penalties	24,540	81,057	0	105,597
Earnings on Investments	31,077	3,073	0	34,150
Other Revenue	144,232	44,755	0	188,987
	<u>1,118,458</u>	<u>2,288,919</u>	<u>61,639</u>	<u>3,469,016</u>
<b>Total Cash Receipts</b>				
	<u>1,118,458</u>	<u>2,288,919</u>	<u>61,639</u>	<u>3,469,016</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	651,077	0	0	651,077
Public Safety	410,882	1,274,809	0	1,685,691
Public Works	19,091	976,294	0	995,385
Health	30,942	47,548	0	78,490
Conservation - Recreation	223,094	0	0	223,094
Miscellaneous	0	5,252	0	5,252
Capital Outlay	0	47,843	61,639	109,482
Debt Service:				
Redemption of Principal	44,196	40,000	0	84,196
Interest and Fiscal Charges	8,663	0	0	8,663
	<u>1,387,945</u>	<u>2,391,746</u>	<u>61,639</u>	<u>3,841,330</u>
<b>Total Cash Disbursements</b>				
	<u>1,387,945</u>	<u>2,391,746</u>	<u>61,639</u>	<u>3,841,330</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(269,487)</u>	<u>(102,827)</u>	<u>0</u>	<u>(372,314)</u>
Fund Cash Balances, January 1, 2002	<u>974,918</u>	<u>887,265</u>	<u>0</u>	<u>1,862,183</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u><b>\$705,431</b></u>	<u><b>\$784,438</b></u>	<u><b>\$0</b></u>	<u><b>\$1,489,869</b></u>
Reserve for Encumbrances, December 31, 2002	<u>\$99,373</u>	<u>\$32,130</u>	<u>\$0</u>	<u>\$131,503</u>

*The notes to the financial statements are an integral part of this statement.*



**MADISON TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Madison Township, Lake County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and police services. Fire protection and emergency medical services are provided by the Madison Fire District.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**MADISON TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Police District Fund* - This fund receives property tax money to provide police protection to Township residents.

**3. Capital Project Funds**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital projects funds:

*Issue II OPWC Project* – This fund received Issue II funds in 2002 for the repaving of Madison Avenue. The Township did not have any projects in 2003.

*Permanent Improvement* – This fund receives fees from residents for a waterline project.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object, or special cost center level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MADISON TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2003	2002
Demand deposits	(\$10,816)	(\$304,849)
Total deposits	(10,816)	(304,849)
STAR Ohio		
Total investments	1,301,090	1,794,718
Total deposits and investments	\$1,290,274	\$1,489,869

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending follows December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,056,192	\$1,045,460	(\$10,732)
Special Revenue	2,199,247	2,276,884	77,637
Capital Projects	1,600,905	187,474	(1,413,431)
Total	\$4,856,344	\$3,509,818	(\$1,346,526)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,719,738	\$1,522,984	\$196,754
Special Revenue	2,869,053	2,264,807	604,246
Capital Projects	1,198,270	38,244	1,160,026
Total	\$5,787,061	\$3,826,035	\$1,961,026

**MADISON TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,118,458	\$1,118,458	\$0
Special Revenue	2,300,180	2,288,919	(11,261)
Capital Projects	134,667	61,639	(73,028)
	\$3,553,305	\$3,469,016	(\$84,289)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,671,576	\$1,487,318	\$184,258
Special Revenue	2,859,413	2,423,876	435,537
Capital Projects	10,240	61,639	(51,399)
Total	\$4,541,229	\$3,972,833	\$568,396

Contrary to Ohio Revised Code 5705.41, budgetary expenditures exceeded appropriation authority in one fund at December 31, 2003, and four funds at December 31, 2002.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MADISON TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Public Works Loan	\$10,000	0%
Ohio Public Works Loan	130,000	0%
Police Radio Note	14,196	5.31%
Building Renovation Bond	90,000	5.32%
Total	\$244,196	

The Ohio Public Works Loan issued in 1994 was for the Lake Breeze Park Subdivision improvements and the loan issued in 2001 was for Davista Area Storm Drain Reconstruction. The terms of the loans were 10 years.

The Police Radio Note issued in 2001 and was for the purchase of police radio equipment. The term of the loan was 4 years.

The Building Renovation Bond issued in 2001 was improving the Township Center. The term of the loan was 5 years.

Amortization of the above debt, including interest, is scheduled as follows:

	OPWC Loans	Police Radio Note	Building Renovation Bond	Totals
Year ending December 31:				
2004	\$30,000	\$14,950	\$60,000	\$104,950
2005	20,000	0	30,000	50,000
2006	20,000	0	0	20,000
2007	20,000	0	0	20,000
2008	20,000	0	0	20,000
2009-2010	30,000	0	0	30,000
Total	\$140,000	\$14,950	\$90,000	\$244,950

**6. RETIREMENT SYSTEMS**

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries from January 1, 2002 through December 31, 2003. The Township has paid all contributions required through December 31, 2003.

**MADISON TOWNSHIP  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Madison Township  
Lake County  
2065 Hubbard Road  
Madison, Ohio 44057

To the Board of Trustees:

We have audited the financial statements of Madison Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated October 6, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, and implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to the Township's management in a separate letter dated October 6, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the Township's management in a separate letter dated October 6, 2004.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended solely for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 6, 2004



**MADISON TOWNSHIP  
LAKE COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

**Expenditures and Encumbrances in Excess of Appropriations**

Chapter 5705 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a governmental entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loan and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded, per Ohio Revised Code Section 5705.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation in accordance with Ohio Revised Code Section 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action, per Ohio Revised Code Section 5705.38.

During our year end testing for fiscal years ending December 31, 2003 and December 31, 2002, we noted expenditures plus encumbrances exceeded appropriations at the legal level of control (special cost center level) as follows:

<u>Fund Description</u>	<u>Appropriations Plus Prior Year Encumbrances</u>	<u>Expenditures Plus Encumbrances</u>	<u>Difference</u>
<b><u>December 31, 2003</u></b>			
<b>Special Revenue Fund</b>			
<i>Police District Fund</i>			
Public Employees Retirement System	\$181,563	\$212,109	(\$30,546)

**MADISON TOWNSHIP  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**FINDING NUMBER 2003-001 (Continued)**

**Noncompliance Citation (Continued)**

**Expenditures and Encumbrances in Excess of Appropriations (Continued)**

<u>Fund Description</u>	<u>Appropriations Plus Prior Year Encumbrances</u>	<u>Expenditures Plus Encumbrances</u>	<u>Difference</u>
<b><u>December 31, 2002</u></b>			
<b>General Fund</b>			
Administration - Medicare	17,000	17,504	(504)
Administration - Travel and Meeting Expenses	4,500	4,539	(39)
Administration - Other Expenses	7,000	7,437	(437)
Townhall - Medicare	29,000	41,000	(12,000)
Parks - Salaries, All Other Township Staff	104,308	110,287	(5,979)
Parks - Electricity, Stanton Park	3,000	3,129	(129)
<b>Special Revenue Funds</b>			
<i>Road and Bridge Fund</i>			
Electricity	8,900	9,067	(167)
Contracted Services, Annual Tree Program	15,000	29,064	(14,064)
<i>Police District Fund</i>			
Medical/Hospitalization	168,531	168,732	(201)
Repairs and Maintenance, Range	1,000	1,011	(11)
Contractual Services, Paggers	387	1,184	(797)
<b>Capital Projects Fund</b>			
<i>Issue II Grant Fund</i>			
Capital Outlay	10,240	61,639	(51,399)

The above violation in the Capital Projects fund occurred because the Township received four Issue II grant payments. Contrary to Ohio Revised Code Section 5705.41(D)(1), the Township failed to appropriate the funds spent on their behalf as required by Auditor of State Bulletins 2000-008 and 2002-004 for the first three payments. In addition, the first three payments were not included on the Township's records or annual financial report. In accordance with Auditor of State Bulletins 2000-008 and 2002-004, both the revenue and expenditure activity of the grant should have been included. This resulted in the understatement of budgetary revenue and expenditure activity for the Issue II project. In addition the Township budgeted and recorded the fourth payment in the Special Revenue Fund. The accompanying financial statements have been adjusted to reflect the grant activity and the budgetary activity (Note 3) has been adjusted for that activity which is related to the fourth payment.

We recommend the Township follow the budgetary scheme of Chapter 5705 of the Revised Code and monitor appropriations, amending them as appropriate to record these funds. When the Township receives notice that they have been approved for funding by a State or Federal agency, they should review the reporting requirements established by Auditor of State Bulletins 2000-008 and 2002-004, appropriate the grant funds, and when notified that funds have been expended on their behalf make memo entries to post the revenues and expenditures to the Township's books.

**MADISON TOWNSHIP  
LAKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-40843-001	Appropriations exceeding the Certificate of Estimate Revenues	YES	





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**MADISON TOWNSHIP**

**LAKE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 23, 2004**